

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 AID-05 HA-05 SIL-01 LAB-04
OES-07 SP-02 IGA-02 L-03 H-01 CIAE-00 INR-07
NSAE-00 COME-00 DODE-00 NSCE-00 SSO-00 USIE-00
INRE-00 PA-01 PRS-01 SS-15 OMB-01 TRSE-00 AGRE-00
STR-05 /083 W

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O P 212140Z DEC 77

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 8547

INFO AMEMBASSY GEORGETOWN PRIORITY

AMEMBASSY BRIDGETOWN PRIORITY

AMEMBASSY SANTO DOMINGO PRIORITY

AMEMBASSY PORT AU PRINCE PRIORITY

AMEMBASSY PORT AU SPAIN PRIORITY

AMEMBASSY NASSAU PRIORITY

AMEMBASSY CARACAS PRIORITY

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STATE/AID MESSAGE

SUBJECT: AID CONGRESSIONAL PRESENTATION-CARIBBEAN SPECIAL PROGRAMS

REF: STATE 277900

1. GENERAL OBSERVATIONS

A. GOJ OFFICIALS ARE APPROACHING CARIBBEAN COOPERATION
INITIATIVE AND PROSPECTIVE PROGRAMS RELATED TO THAT EFFORT
FROM THE FOLLOWING POINTS OF VIEW:

- (1) EXISTING INSTITUTIONS SHOULD BE USED WHEREVER POSSIBLE;
- (2) RESOURCES TRANSFERRED TO THE COUNTRIES AND TO THE REGION
SHOULD BE MORE THAN WOULD OTHERWISE HAVE OCCURRED;
- (3) PROGRAMS AND PROJECTS GENERATED WITH THE CARIBBEAN GROUP

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FOR ECONOMIC COOPERATION ARE LIKELY TO TAKE A YEAR OR MORE
TO GET OFF THE GROUND.

- (4) ATTENTION TO THE SERIOUS NEAR TERM NEEDS, ESPECIALLY
BALANCE OF PAYMENTS, DEBT BURDEN, ETC. SHOULD NOT BE
DILUTED WHILE CARIBBEAN GROUP EFFORT IS PURSUED.

B. EMBASSY/USAID ASSUMES THAT CONGRESSIONAL PRESENTATION
MATERIAL ON SPECIAL PROGRAMS WILL BE CLEARLY LABELED AS

ILLUSTRATIVE. CHANGES WILL OCCUR NO MATTER HOW TENTATIVELY OR HOW DEFINITELY PROPOSALS IN THIS AREA WILL BE DESCRIBED IN C.P. THUS, CONGRESSIONAL NOTIFICATION PROBLEMS CANNOT BE AVOIDED IN ANY CASE. WE ARE UNDERSCORING THE NEED, WHICH WE KNOW AID/W ALREADY RECOGNIZES, TO AVOID GIVING THE IMPRESSION TO POTENTIAL BENEFICIARIES THAT THE USG HAS DEVELOPED FIRM PROJECTS AND HAS DECIDED WHAT SPECIAL PROGRAMS WILL BE FINANCED EVEN BEFORE ADEQUATE CONSULTATION HAS OCCURRED WITH THE COUNTRIES TO BE BENEFITTED.

C. UNEMPLOYMENT AND UNDEREMPLOYMENT ARE OBVIOUSLY GRAVE PROBLEMS. STRESS ON EMPLOYMENT CREATION IS CERTAINLY UNDERSTANDABLE. BUT THE CALL FOR LABOR-INTENSIVE TECHNOLOGIES IS SERIOUSLY COMPLICATED BY THE WAGE-PRODUCTIVITY RATIOS IN MANY COUNTRIES, ESPECIALLY PLACES LIKE JAMAICA WITH RELATIVELY HIGH WAGES, STRONG TRADE UNIONS AND/OR EQUITY ORIENTED REGIMES. THIS OF COURSE GETS INTO A SENSITIVE POLICY AREA WHERE IT ALSO SUGGESTS REGIONAL ACTIVITIES OYIP

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ASPECTS OF PRODUCTIVITY SUCH AS APPROPRIATE TECHNOLOGY, OR RESTRAINED INCOMES POLICIES, EITHER OF WHICH COULD MAKE LABOR-INTENSIVE TECHNOLOGIES MORE FEASIBLE. THE UNEMPLOYMENT-UNDEREMPLOYMENT PROBLEM PLUS THE FACT THAT RURAL AREAS ARE ALREADY RECEIVING CONSIDERABLE ATTENTION LIMITED OFFICIAL USE

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FROM ASSISTANCE AGENCIES ALSO SUGGESTS THAT THE SPECIAL PROGRAMS CP MIGHT INCLUDE REFERENCE TO EMPLOYMENT INTENSIVE ACTIVITIES IN URBAN AREAS, E.G. HOUSING OR OTHER ACTIVITIES WITH MINIMUM FOREIGN EXCHANGE REQUIREMENTS. AND IF EMPLOYMENT IS THE OVER-RIDING OBJECTIVE, WE SHOULD CONSIDER MIDDLE-INCOME AS WELL AS LOW-INCOME HOUSING.

2. ALTERNATIVE APPROACHES

A. AS NOTED ABOVE, GOJ WOULD PREFER REFTEL ALTERNATIVE B.

B. THE FOLLOWING ARE COMMENTS ON REFTEL PARA. 6. A THROUGH F:

(1) POLICIES-REFTEL WAS INSUFFICIENTLY DETAILED FOR US TO PROVIDE WITH CONFIDENCE EITHER OUR OWN VIEWS OR WHAT GOJ REACTION WOULD BE. HOWEVER, IN JAMAICA AND PERHAPS ELSEWHERE IN THE REGION, WHAT EVER IS PROPOSED OR HOWEVER IT IS HANDLED COULD RUN INTO STRONG SUSPICIONS THAT IT IS AIMED AT CHANGING THE GOVERNMENTS' CHOICE OF FUNDAMENTAL OBJECTIVES AND GOALS WITH RESPECT TO THE ROLE OF THE PRIVATE SECTOR, LAND-LEASE PROGRAMS, "DEMOCRATIC SOCIALISM," ETC. THE POLICY AREA AND HOW IT IS APPROACHED IS OBVIOUSLY DELICATE. BUT THE ISSUES ARE IMPORTANT AND SHOULD BE ADDRESSED. SEE (F) BELOW.

(2) IFI'S, NATIONAL AND OTHER INSTITUTIONS-OUR ASSESSMENT OF THE CAPACITY AND INTEREST OF JAMAICAN INSTITUTIONS IS FAVORABLE. BOTH THE WORKERS'S BANK AND THE JAMAICAN DEVELOPMENT BANK (JDB) HAVE AN INTEREST IN LOANS FOR DEVELOPMENT PURPOSES, AND BOTH HAVE OFFICES THROUGHOUT THE COUNTRY. THE WORKER'S BANK HAS TAKEN OVER THE POST OFFICE SAVINGS DEPARTMENTS, AND HAS OFFICES ALL OVER THE COUNTRY. THERE ARE ALSO NUMEROUS CREDIT UNIONS IN THE SMALL TOWNS AND RURAL AREAS. THE JDB HAS RURAL EXTENSION OFFICERS IN ITS EMPLOY AND IS CURRENTLY ADMINISTERING A WORLD BANK RURAL DEVELOPMENT LOAN.

C. ON THE MANPOWER SIDE, THE GOJ WOULD EMPHASIZE: THE NEED FOR STRENGTHENING THE PLANNING AS WELL AS OVER-ALL MANAGEMENT CAPACITY OF PUBLIC OFFICIALS; AND, THE CRITICALITY OF LIMITED OFFICIAL USE

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TRAINING UNEMPLOYED YOUTH, E.G. VIA APPRENTICE PROGRAMS. USAID CONCURS.

D. THE REQUIREMENT THAT INDUSTRY PRODUCE FOR THE REGIONAL MARKET OR UTILIZE REGIONAL RAW MATERIALS, MAY, IF NARROWLY INTERPRETED, LIMIT THE PROGRAMS'S EFFECTIVENESS IN ACHIEVING THE EMPLOYMENT OBJECTIVE. HOUSING CONSTRUCTION, FOR EXAMPLE, IS STRICTLY FOR THE LOCAL MARKET AND MAY UTILIZE FEW MATERIALS IMPORTED FROM OTHER COUNTRIES OF THE REGION, YET BE HIGHLY EFFECTIVE IN GENERATING EMPLOYMENT. PROJECTS

NOTE BY OC/T: PARA C AS RECEIVED.

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 8548

INFO AMEMBASSY GEORGETOWN PRIORITY
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STATE/AID MESSAGE

INVOLVING PRODUCTION ENTIRELY FOR THE NATIONAL MARKET OR FOR EXPORT TO COUNTRIES OUTSIDE THE REGION SHOULD NOT BE EMCLUDED AS LONG AS THE ACTIVITY RESULTS IN THE GENERATION OF SUBSTANTIAL ADDITIONAL EMPLOYMENT. NEITHER SHOULD THE ORIGIN OF THE RAW MATERIALS EMPLOYED RULE OUT ANY PROJECT THAT SATISFIES THE EMPLOYMENT CRITERION. ONE OF THE POINTS HERE IS THE RECONITION THAT IT MAY BE IMPOR-
TANT NOT TO SACRIFICE EMPLOYMENT RESULTS ON THE SOMETIMES ILLUSIVE ALTAR OF REGIONALISM. MARKETING ACTIVITIES COULD GIVE EARLY ATTENTION TO AGRICULTURE, WITHIN AND OUTSIDE THE REGION. AGRO-INDUSTRY INCLUDING FOOD PROCESSING IS OBVIOUSLY A GOOD CANDIDATE.
E. ON TECHNOLOGY, SEE COMMENTS ABOVE UNDER 1.C.
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F. IT MIGHT BE BETTER TO GET AT SOME OF THE POLICY ISSUES IN REFTEL PARA. 6.A BY EXAMINING CAPITAL REQUIREMENTS AS SEEN FROM FACTOR PRICE CONSIDERATIONS, MANPOWER REQUIREMENTS AND APPROPRIATE TECHNOLOGY POINT OF VIEW. THE ISSUE OF CAPITAL MOBILIZATION CAN BE EXTREMELY DELICATE, GIVEN THE IMPACT ON PRIVATE SECTOR CONFIDENCE OF CURRENT APPROACHES IN JAMAICA AND ELSEWHERE. BUT AGAIN, THE ISSUE SHOULD BE BRAOCHED.

3. REGIONAL COOPERATION FUND

THE GOJ WOULD PROBABLY SUPPORT THE PROPOSALS DESCRIBED IN REFTEL PARA 9. AID/W IS AWARE OF THE DIFFICULT HISTORY OF SOME OF THE PROPOSED REGIONAL ACIVITIES, ESPECIALLY THOSE NOTED IN PARA 9, SUBPARA. C. GOJ AND OTHERS, ALTHOUGH SUPPORTIVE, COULD BE SOMEWHAT CYNICAL ON THOSE INITIATIVES WHICH HAVE ALREADY LAGGED OR FLOPPED.

4. SUGGESTIONS FOR POSSIBLE PROPOSALS

A. COMPREHENSIVE ANALYSIS OF UNEMPLOYMENT AND UNDER-EMPLOYMENT AS A BASIS FOR EXPANDED PROJECT DEVELOPMENT AND ANALYSIS OF THE IMPACT OF THE DEBT BURDEN ON INVESTMENT, DEVELOPMENT, GROWTH, ETC. WITH SURVEY OF ALTERNATIVE

APPROACHES TO ALLEVIATING THE ADVERSE EFFECTS ON GROWTH AND DEVELOPMENT.

B. LAND REFORM. ANALYSIS OF ALTERNATIVE LAND REFORM/ LAND LEASE MEASURES AS A BASIS FOR DEVELOPING PROJECTS TO FINANCE/INSURE LAND TRANSFERS. A LAND-REFORM WINDOW IN THE REGIONAL COOPERATION FUND?

C. ENERGY. MUCH RESEARCH AND DEVELOPMENT IS NEEDED IN THIS FIELD. WE ARE CONSIDERING THE UNDERTAKING OF AN ENERGY SECTOR ASSESSMENT IN JAMAICA. SIMILAR ASSESSMENTS MIGHT USEFULLY BE CONDUCTED FOR THE REGION WHEREIN COMMON CONDITIONS OF WIND, RAIN, SOIL, AND SUN LIMITED OFFICIAL USE

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SUGGEST COMMON ALTERNATIVE SOURCES OF ENERGY.

D. REGIONAL FOOD BANK. STUDIES IN THIS AREA COULD IDENTIFY JEDS FOR PHYSIC L FACILITIES, MANAGEMENT TRAINING, AND FINANCIAL REQUIREMENTS. GUYANA AND JAMAICA MIGHT SUPPLY THE REGION'S RICE NEEDS, AND ADEQUATE STORAGE FACILITIES FOR IMPORTED CORN AND WHEAT IN THE REGION COULD SUPPORT PRICE STABILIZATION EFFORTS. STORAGE OF TUBERS COULD ALSO BE EXAMINED.

E. FERTILIZERS. WE BELIEVE THERE IS NEED FOR A REGIONAL SURVEY OF MIXING AND DISTRIBUTION FACILITIES IN THE REGION. PROJECTS TO EXPAND MIXING CAPACITIES AND OTHER-WISE MAXIMIZE THE VALUE ADDED IN THE REGION COULD BE CONSIDERED.

F. RESEARCH. THIS COULD BE USEFUL TO SOME EXTENT IN ALL SECTORS BUT PARTICULARLY IN AGRICULTURE. EMPHASIS SHOULD BE ON DOMESTIC FOOD CROPS. RESEARCH ON SMALL FARM CROPPING HAS BEEN A GENERALLY NEGLECTED AREA IN THE CARIBBEAN. EARLY RESULTS WITH LIMITED VARIETY TRIALS OF YAMS SUGGEST THAT HIGH YIELD, DISEASE RESISTANT PLANT VARIETIES REQUIRING MINIMUM INPUTS CAN BE DEVELOPED FOR THE REGION. NON-TRADITIONAL EXPORT CROPS ALSO SHOULD BE INVESTIGATED. GENERAL RESEARCH TO DEFINE VARIETIES SUITABLE TO THE REGION COULD BE REFINED FOR CONDITIONS PECULIAR TO PARTICULAR COUNTRIES.

G. WATER MANAGEMENT. A GREAT DEAL CAN BE DONE IN RESEARCH AND TRAINING, AND DEVELOPMENT OF WATER MANAGEMENT SYSTEMS (IMPOUNDMENTS, DRAINAGE) SUITABLE TO THE REGION'S PARTICULAR REQUIREMENTS.

H. INFRASTRUCTURE. OPPORTUNITIES EXIST FOR USEFUL PROJECTS IN RURAL ROAD NETWORKS, SMALL FARMER TERRACING AND IRRIGATION, POTABLE WATER, WATER AND SEWAGE DISTRIBUTION SYSTEMS, NAVAL NAVIGATION, PORT IMPROVEMENTS, AND OTHER COMMUNICATION DEVELOPMENTS OFFERING SUB-STANTIAL LABOR EMPLOYMENT.

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Message Attributes

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